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Chair: Mr. Tommo Monthe (Cameroon)

*Chair of the Advisory Committee on Administrative
and Budgetary Questions:* Mr. Ruiz Massieu

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The meeting was called to order at 3.05 p.m.

Agenda item 138: Improving the financial situation of the United Nations (*continued*)

1. **Ms. Beagle** (Under-Secretary-General for Management), accompanying her statement* with a digital slide presentation, said that she would focus on four main financial indicators: amounts of assessed contributions, unpaid assessed contributions, available cash and outstanding payments to Member States in respect of three budget categories: the regular budget, peacekeeping and the international tribunals. At 31 December 2017, the cash balances had been positive for peacekeeping and the tribunals, but the regular budget had experienced shortfalls in the last quarter, a troubling pattern that had emerged in recent years. At 30 April 2018, cash balances had been positive for all categories.

2. Concerning the regular budget, letters of assessment had been issued in 2018 at a level of \$2.5 billion, \$91 million lower than in 2017, and \$1.5 billion in payments had been received by 30 April 2018. Unpaid assessments had amounted to \$1.6 billion at that date, \$166 million higher than one year earlier. By the end of 2017, 145 Member States had paid their regular budget assessments in full, the same number as at the end of 2016. She urged the remaining Member States to pay their assessed contributions in full as soon as possible, as the final financial picture for 2018 would depend on their actions in the months ahead. Following the issuance of the assessment letters at the start of 2018 and in response to the Secretary-General's call for Member States to meet their financial obligations to the Organization, 88 Member States had paid their regular budget assessments in full by 30 April 2018. Since that date, five more Member States had done so.

3. The cash resources available for the regular budget under the General Fund included the Working Capital Fund and the Special Account, which had been used to cover the shortfalls affecting the regular budget in the final months of 2017. The final position as at 31 December 2017 had reflected a \$278 million cash shortfall under the regular budget. Regular budget cash had increased to \$330 million as a result of the contributions from Member States in the first quarter of 2018, but would, if the month-by-month pattern for 2016–2018 continued, decline as the year progressed and deteriorate at the end of the year. In view of the limited available reserves, the final cash position at the

end of 2018 would depend largely on payments from Member States in coming months.

4. Changing demand for peacekeeping activities made it difficult to predict the financial requirements of peacekeeping operations. In addition, the financial period of those operations differed from that of the regular budget in that it ran from 1 July to 30 June rather than for the calendar year. Moreover, letters of assessment were issued separately for each operation and for different periods throughout the year.

5. Unpaid assessments for peacekeeping operations had totalled \$1.9 billion at the end of 2017 and \$2.3 billion at 30 April 2018. So far in 2018, new letters of assessment in the amount of \$1.5 billion had been issued and payments of approximately \$1.1 billion had been received.

6. With regard to outstanding payments to Member States providing troops and contingent-owned equipment, the total amount owed had decreased to \$796 million at the end of 2017 from \$810 million at the end of 2016, while the amount outstanding at 30 April 2018 had amounted to \$1.2 billion. While the Secretariat made every effort to expedite outstanding payments to Member States, such payments depended on income received from assessments. The amount currently outstanding reflected payments to be drawn from additional appropriations of \$416 million for the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and \$86 million for the United Nations Mission for Justice Support in Haiti (MINUJUSTH), which had been approved in December 2017 and for which letters of assessment had been issued in January 2018. Additional payments owed for troops deployed in UNAMID and the United Nations Peacekeeping Force in Cyprus (UNFICYP) were scheduled for the following week and further payments of \$506 million were expected by the end of the second quarter of 2018.

7. The Secretary-General was committed to meeting obligations to Member States providing troops and equipment as expeditiously as the cash situation permitted. The Secretariat monitored the peacekeeping cash flow situation constantly with a view to maximizing payments, but depended on Member States' meeting their financial obligations and on the expeditious finalization of memorandums of understanding with troop-contributing countries.

8. Since 30 April 2018, one more Member State had paid all its peacekeeping assessments. The total outstanding amount comprised \$1.9 billion owed for active missions and \$414 million for closed missions.

* Subsequently circulated as document A/72/522/Add.1.

Of the amount owed for active missions, \$798 million related to letters of assessment issued in 2018 while \$1.1 billion related to letters issued in 2017 and earlier.

9. She thanked the 29 Member States that had paid all peacekeeping assessments in full as at 31 December 2017, particularly because letters of assessment were issued throughout the year for different missions whenever the Security Council renewed the respective mandates. As at 30 April 2018, 38 Member States had paid all peacekeeping assessments in full. Since that date, payments had been received from 8 more Member States, bringing the total to 46.

10. Although the total cash available for peacekeeping had amounted to \$3 billion at the end of 2017, comprising approximately \$2.7 billion in the accounts of active missions, \$177 million in closed mission accounts and \$138 million in the Peacekeeping Reserve Fund, that amount was segregated in accordance with the decision of the Assembly to maintain separate accounts for each mission. The Assembly had specified that no peacekeeping mission should be financed by borrowing from other active peacekeeping missions. The use of the Peacekeeping Reserve Fund was restricted to new operations and expansions of existing operations.

11. As at 31 December 2017, 114 Member States had paid their assessed contributions for the international tribunals in full; other Member States were urged to follow their example. Outstanding assessments had amounted, as at 31 December 2017, to \$47 million, and, as at 30 April 2018, to \$83.2 million, including payments owed in respect of the International Criminal Tribunal for Rwanda, for which letters of assessment had last been issued in 2016. As at 30 April 2018, 162 Member States had paid their assessments in full for that Tribunal, 70 had done so for the International Tribunal for the Former Yugoslavia and 66 had done so for the International Residual Mechanism for Criminal Tribunals; other Member States were encouraged to follow their example. The month-by-month position of cash balances for the tribunals had been positive from 2016 to 2018. Once again, the final outcome for 2018 would depend on Member States' continuing to honour their financial obligations for the tribunals.

12. She drew the Committee's attention to the preliminary results of the ongoing audit of the financial statements of the United Nations as reported in volume I, comprising operations funded from the regular budget and voluntary, capital, tax equalization, insurance and other funds, for the year ended 31 December 2017. The results of the audit of the financial statements of peacekeeping operations as reported in volume II for the

2016/17 period were reflected in the relevant report of the Board of Auditors A/72/5 (Vol. II). Following the implementation of the International Public Sector Accounting Standards (IPSAS), the Secretariat had made every effort to enhance transparency and access to financial information. The financial statements provided a holistic picture of the Organization's cash flows, assets and liabilities.

13. Assets had amounted to \$8.3 billion for volume I and \$5 billion for volume II, mostly cash and investments, and property, plant and equipment. After the deduction of liabilities, the net assets had amounted to \$2.1 billion for volume I and \$789 million for volume II. Revenue for volume I had amounted to \$6 billion, while expenses had amounted to \$5.8 billion, resulting in a surplus of \$292 million. Revenue for volume II had amounted to \$8.275 billion, while expenses had amounted to \$8.264 billion, resulting in a surplus of \$11 million.

14. In conclusion, she expressed gratitude to the 41 Member States that had paid all assessments in full. The financial health of the Organization depended on Member States' meeting their financial obligations in full and on time. The Secretariat, for its part, pledged to use the funds entrusted to it in a cost-effective manner and to provide information in the most transparent way possible.

The meeting rose at 3.25 p.m.